

02C 71-1103

PPB 71-1603

20 October 1971

MEMORANDUM FOR THE RECORD

SUBJECT: Meeting with Staff Members of House and Senate
Appropriations Committees re Agency FY 1972 Budget Mark

25X1 1. At the request of Ralph Preston, House Appropriations Committee
Staff Assistant, [redacted] and I met today with him
25X1 and Bill Woodruff, Senate Appropriations Committee Counsel, to
discuss the Agency's FY 1972 budget request.

2. Mr. Preston explained that the House was in its final mark-up
session of the Defense appropriation, including the intelligence budget.

25X1 [redacted]
FY 1972. I provided the details on the Reserve level and anticipated
releases and a strong case was made to retain a viable Reserve level.

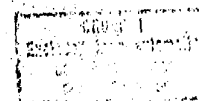
3. Preston noted that in most years, the year-end Reserve level

25X1 [redacted]
manner as presented to the Committees during the hearing. Mr.
Woodruff reminded that it had been Senator Russell's view that too
large a Reserve tempted the President and he stated that it was
Senator Ellender's view that while Reserve flexibility should be
25X1 maintained, a more modest level than the [redacted] proposed by
the Agency was in order. He noted that the Senate would have no
problem with a [redacted] cut in the Reserve.

25X1 4. Preston inquired whether the Agency would prefer to reduce

[redacted]
that amount. We pointed out that obviously the reduction of the
Reserve level had less immediate impact albeit it raised the entire
question of the Director's flexibility to cope with unforeseen
contingencies.

25X1



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25X1

5. Preston then asked whether there were any other large-scale Reserve requirements which had not yet been identified to the Committee.

25X1

The rigid ground rules which maintain with respect to the use of the Reserve was also stressed, noting funds not needed carried over to the following year and had the effect of reducing the size of future replenishment requests.

9. I advised that this was a minimum action but that we would want to discuss other options with OMB and DOD. I suggested that the Committees seriously consider offsetting the [redacted] pay cost by reducing the other amounts they intended to cut from CIA or Defense now. Both gentlemen stated that politically it was necessary that the Agency take a reduction and they were not prepared to tamper with the radios amount or offset a reduction by not cutting the Reserve. I advised that I would advise the Director and that we would be in touch.

10. [Subsequently, I talked to OMB and to Don Brazier, DOD, and received assurances from OMB that the error occurred within the Defense Department and admission from Mr. Brazier that this was the case. Brazier assured me Defense was committed to provide the [redacted] to the Agency and would do so. He explained that he intended to try to modify the number used on the Hill and if the Hill will not permit modification, he will submit reprogramming to cover the cost. Brazier assured me that he would touch base with both Preston and Woodruff on the options and that the Agency will be provided the [redacted] I so advised Jim Frey and Preston and Woodruff, and have learned that thus far DOD alternatives are not acceptable to Woodruff and that Air Force may have to reprogram later in the year to provide the Agency the [redacted] The Congressional letter to the Director will cover the matter per Woodruff. [redacted] was briefed on these developments.]

[redacted]
Director/PPB

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